CHAPTER-7
SUMMARY, CONCLUSIONS AND POLICY RECOMMENDATIONS

In this chapter, the main findings of the previous chapters are brought together within the framework of the research question and of the general objectives set in the introduction. First, we present the argument on which the analysis of the conclusion is based, and then the main conclusion of every chapter. Finally yet importantly, we draw the implications for policymaking. This chapter has been organized into two sections. Section I summarizes the major findings of this study and Section II of the chapter covers a set of policy prescriptions.

Section I
Major Findings

As far as the first objective is concerned, which pertains to the SEZ scheme in India and its development, the study finds the following.

- The concept of designated industrial zones to promote exports is not new to this country it is an improvement to the concept of export processing zones (EPZ). India was one of the first Asian countries to recognize the effectiveness of the EPZ model in promoting exports. Asia’s first EPZ was set up in 1965 in Kandla, 10km from Kandla port in Gujarat State. It was the first of its kind EPZs were set up also in Taiwan and South Korea. The second EPZ was Santa Cruz Electronics Export Processing Zone (SEEPZ). It was established in 1974, 6km from the Santa Cruz Airport in Mumbai, Maharashtra state. Four more EPZs were set up in 1985-86 one each in Chennai (Tamil Nadu state), Kochi (Kerala State), Noida (New Okhla Industrial Development Area in Uttar Pradesh) and Falta (near Kolkata in West Bengal state). They are now all fully operational. The seventh EPZ, established near the Vishakhapatnam port (Andhra Pradesh state) has also become operational now. All these EPZs are owned by the Government of India. Initially, the Central Government was solely responsible for establishing EPZs. In 1994, state governments, autonomous agencies and the private sector were allowed to participate in development agencies and the operation of EPZs. After this policy was implemented, one EPZ was developed by the private sector in Surat. A joint sector EPZ has been approved for Greater Noida (UP). To overcome the failure of EPZs and to attract large foreign investment, the SEZ policy was announced in April 2000 as a part of the export-import policy of India. This policy was intended
to make SEZs an engine for economic growth by providing an attractive fiscal package, at both central and state levels, with quality infrastructure and minimal regulation. The SEZ Act, 2005, supported by the SEZ Rules, that came into effect on 10 February 2006 drastically simplified procedures and provided single window clearance on central and state matters.

- After the enactment of the SEZ Act, 2005, the number of formal approvals, approvals in principle and notified SEZs have increased. Prior to the SEZ Act, there were only 19 SEZs in India. As on 10 March 2010, 436 SEZs were formally approved, 32 were approved in principle and notifications were issued to 347 SEZs. There were 72 notified SEZs in India in 2006. These increased to 381 in 2011 and 407 in 2014. This fast increase in the number of SEZs has been due to the enactment of the SEZ Act, 2005 which provides SEZ developers single window clearance and several incentives and facilities. However, after 2014, several SEZs were denotified; this led to the shrinkage of its number to 347 as on 10 March 2015.

- We considered the distribution of formally approved SEZs by state. Maharashtra has the most formally approved SEZs (61), 14 per cent of all the SEZs in India. Karnataka has 59 SEZs (13.53 per cent) Tamil Nadu 54 SEZs (12.39 per cent). Telangana (which separated from Andhra Pradesh in 2014) has 48 SEZs (11.01 per cent). Andhra Pradesh has 33 SEZs (7.57 per cent), Gujarat 31 SEZs (7.11 per cent) and Haryana has 29 SEZs (6.65 per cent). These seven states together constitute about 75 per cent of all the formally approved SEZs. No SEZ has been formally approved in states like Bihar, Jammu & Kashmir, Himachal Pradesh, Assam, Mizoram, Sikkim, Arunachal Pradesh, Meghalaya, Tripura, etc. In the case of approved-in-principle SEZs, Maharashtra and Tamil Nadu have the most notified SEZs, which is 14.70 per cent and 14.41 per cent respectively of the total notified SEZs. As many as 42 SEZs (12.01 per cent) are notified in Telangana, followed by Karnataka and Andhra Pradesh with 8.36 per cent each and Gujarat, Haryana, Kerala and UP with 7.78per cent, 7.2 per cent, 7.2 per cent and 6.34 per cent respectively. However, other states’ contribution is less than 4 per cent of the total notified SEZs of the country. These eight states together constitute about 80 per cent of the notified SEZs. State-wise SEZs approvals suggest that about 80 per cent of them are in coastal states. Thus, SEZs are concentrated in a few states such as Maharashtra, Telangana, Andhra Pradesh, Tamil Nadu, Karnataka, Gujarat and Haryana.
• The distribution of land pattern shows that the most land has been allotted in Gujarat, Andhra Pradesh, Maharashtra, Karnataka and Haryana. Less than 1 per cent of the total land area notified for SEZs is allotted to the Noida Special Economic Zone, one of the oldest SEZs.

• Among the major categories of SEZs in the country, the IT/ITES SEZs top with 274 of 436 formally approved SEZs (62.84 per cent). Biotech, multi-product and engineering, follow this with 24 (5.50 per cent), 20 (4.59 per cent), 15 (3.44 per cent) SEZs respectively. Hence, there is a high concentration of formally approved and notified SEZs in the IT/ITES categories. Multi-product SEZs appear at the top with 11 of 32 SEZs approved in principle (34.38 per cent). Free Trade Ware Housing Zone (FTWZ) and gems and jewellery SEZs are at the second and third position with 4 (12.50 per cent) and 3 (9.38 per cent) SEZs. However, the sectors from Agriculture, buildings, production, materials, transportation equipment, ceramic, glass, pharmaceuticals, chemicals each process at the third place with 2 (6.25 per cent) of the total SEZs approved in principle in the country side.

We have reached the following conclusions while analysing the workers’ socio-economic condition and working environment in both region, i.e., NSEZ and outside the zones through the primary survey.

• SEZs were adopted so that new knowledge, technology and innovation would be promoted through technology transfers; however, technology creation has been quite limited until now. The NSEZ is dominated by medium-technology activity; most of its firms are engaged in contract manufacturing, which leaves little scope for R&D. The technology-related activities of SEZ units are similar to those of the export-oriented domestic units outside SEZs. Thus, although the knowledge spill over the potential of the NSEZ in the economy is rather high, it could not fulfil the role of promoting innovation systems in the state economy. Most entrepreneurs are educated and run their businesses professionally; many have units outside the zones as well. Most zones have formed manufacturers’ associations, and entrepreneurs are also members of other manufacturers’ associations. SEZs are thus not working in isolation and are well connected with the domestic economy.

In examining SEZ export performance, the study has estimated the following.

• India’s total exports increased more than 35 per cent in the years 1989-90, 1991-92, and 2010-11. However, highest annual growth of export from SEZs in India
increased, i.e. 121.40 per cent in the year of 2009-10. Exports from SEZs are increasing continuously. Before the implementation of the SEZ Act, the share of EPZs in total exports was less than 5 per cent. After implementation, it has increased sharply. The share decreased in 2011-12, increased in 2012-13, and decreased in 2013-14. Between 2005-06 and 2013-14, the average growth rate of SEZ exports was about 48 per cent over the previous years, while during the same period the average growth rate of the country’s exports over the previous year was around 20 per cent. In 2009-10, these was a boost in SEZ exports, and its growth rate was calculated at 121.40 per cent over the previous year. The share of SEZ exports is also increasing in the country’s exports. It grew from 11.86 per cent in 2008-09 to 26.10 per cent in 2009-10. These figures speak of the significance of SEZs in the country’s exports. Evidently, SEZs is promoting exports. Regarding centralized SEZs, data for the past seven years show that the share of all SEZs (except NSEZ) has increased from 2007-08 to 2013-14. The share of the NSEZ in total exports has been declining sharply. During 2007-08, it contributed about 43 per cent, but decreased to about 22 per cent during 2013-14. The maximum growth of share in total export has been observed in Vishakhapatanam, MPEPZ and Kandla SEZs respectively. The state-wise annual growth rate shows that the maximum growth was in Haryana, Karnataka, Andhra Pradesh, Chandigarh and Gujarat respectively. In Uttar Pradesh, the growth rate has been negative, possibly due to inadequate infrastructure and poor government initiative action. The maximum growth was reported by chemicals and pharmaceuticals followed by computer/electronics, handicrafts, the miscellaneous category and leather, footwear and sports goods etc. Electronics (-30.19 per cent) and trading and service (-4.28) reported a negative growth rate.

While evaluating the performance of SEZs in the context of employment generation, the study has observed the following.

- SEZs provide both direct and indirect employment. Direct employment grew from 66 persons in 1966 to 134,704 persons in 2005-06 (when the SEZ Act was implemented). Since 2005, employment opportunities in SEZs have increased rapidly, registering 1283309 employees in 2013-14. The maximum growth took place exactly after the implementation of the SEZ Act, but declined afterwards. While their contribution to national employment has been nominal, their contribution to employment generation at the regional level has been significant as
is reflected by the strength of 93863 employees in SEEPZ. From 2007-08 to 2013-14, the annual growth rate of employment generation was 18.61 per cent in seven central government SEZs: Kandla SEZ (KSEZ), Madras/Chennai (MSEZ), Santa Cruz (SSEZ), Falta SEZ (FSEZ), Vizag SEZ (VSEZ), Cochin SEZ (CSEZ), and Noida SEZ (NSEZ). The KSEZ, NSEZ, and MPSEZ increased their share in total employment provided by centralized zones, but the share of employment opportunity in total employment declined for SEEPZ, Cochin SEZ, FSEZ and VSEZ. Therefore, it is clear that SEZs has a positive impact on employment generation, although the rate is not as fast as was required or expected (it has been merely creeping along). During the past three years (2011-12 to 2013-14), employment generation has grown tremendously in Punjab and Goa 334 per cent and 325 per cent, respectively but declined in Uttar Pradesh, Rajasthan, Odisha, Madhya Pradesh and Chandigarh.

While analysing the role of SEZs in attracting domestic and foreign investment, the following has been concluded.

- SEZs have attracted investment from both domestic and foreign sources. As on 31 March 2014, investment worth ₹ 296663 crore had taken place in Indian SEZs. Investment increased highest in 2006-07, after implementation of the SEZ Act the annual growth rate was 672.50 per cent over the previous year. However, it was negative, i.e., -0.46 per cent, during 2011-12 over the previous year; after that it shows an increasing trend. The analysis shows that the annual growth rate had declined continually until 2011-12, and then the economy improved in 2012-13 and 2013-14. The maximum investment took place in Odisha the annual growth rate between 2012-13 and 2013-14 was about 605 per cent. During the same period, the annual growth rate has been negative in Goa and Chandigarh. Since 2011-12 to 2012-13, the annual growth rate of investment in Uttar Pradesh declined continuously. Data from 2007-08 to 2013-14 on all seven zones show that the decline has been maximum in Cochin SEZ its share dropped from about 13 per cent in 2007-08 to about 5 per cent in 2013-14.

- Most workers in the NSEZ are younger than those outside the zone and single. Most NSEZ workers were single, whereas most workers outside the zone were married. NSEZs attracts younger and unmarried youth. Overall, an NSEZ worker were graduate and above followed by matriculation, professional education, and intermediate education. Outside the zone, these percentages were 19.10, 9.2, 40.80
and 21.70 respectively, which shows there were more professional workers outside the zone than in the NSEZ. A marginal proportion of NSEZ workers attended education up to the primary level; outside the zone, that proportion is over twice as much most work as labourers. Unlike companies outside the zone, SEZs generates employment for both locals and also people from other states. As far as health status is concerned, 75 percent of NSEZ workers were fully healthy during the study period and 25 per cent reported sick. However, these figures are opposite in the case of outside zone’s workers; where percentages of fully healthy are more as compared to the NSEZ. Working hours in SEZs are longer than outside. Both in the zone and outside, most workers worked between 40 and 50 hours a week. The percentage of those who worked between 51-60 hours a week and more than 60 hours a week was around 12 per cent in the NSEZ but only 4.60 per cent outside. Most NSEZ workers reported no requirement for overtime work, but about 26 per cent reported that it was required. Companies in some SEZs pay less than those outside. Most of NSEZ workers are satisfied with its facilities, unlike outside. Thus, the employees get somehow a healthy environment to work in NSEZ as compared to outside the zone.

- The study found the following problems, issues, and challenges of SEZs.
  Land acquisition refers to the process by which the government forcibly acquires private property for a public purpose without the consent of the landowner, which is different from a market purchase of land. Land acquisition for SEZs is not voluntary, but forceful in nature. Immediately following the passage of India’s Special Economic Zones Act, 2005 (SEZA), private sector, and government officials responded eagerly. However, by mid-2006, the process of establishing SEZs was being disrupted by grassroots protests. While many researchers and anti-SEZ activists characterized SEZs, as a neocolonial form of ‘capital accumulation by dispossession’, India’s Minister of Commerce and Industry insisted that ‘SEZs have nothing to do with displacement’. Land acquisition for SEZ has given rise to widespread protest in various parts of the nation. Large tracts of land are being acquired across the country for this purpose.

- **Loss of Government Revenue:** Tax concessions have been extended as incentives, for both units and SEZ developers. However, such concessions are available through Sec 80 1A to infrastructure developers even outside SEZs. Also, developers pay no customs or excise duties for BoA-authorised improvements in SEZs. But tax
concessions to developers are extended on export income for a 10- year block out of 15 years (Sec 80-IAB of the I-T Act). Other exemptions include waivers of CST, state excise and ST, MAT (Sec 115JB of the I-T Act), dividend distribution tax (Sec 115O), and service tax (Sections 7, 26 and the Second Schedule of the SEZ Act of 2005). One similarity with non-SEZ units is that the latter too can import raw material inputs duty-free and get tax relief for the creation of infrastructure. Units, in turn, get import duty waivers for the development, operation and maintenance. They also get 100 per cent income tax exemption on export income for the first five years, 50 per cent for the next five and 50 per cent on reinvested export profits for five more. But it is important to note that the presence of such units does nothing towards upgrading competitiveness, or business ethics, within India: SEZ units have to pay all the usual duties and customs imposts for ‘exports’ into the DTA. Finally, SEZ units have the liberty to undertake External Commercial Borrowings.

The Ministry of Commerce has championed SEZs, yet the economic sense of the policy has been challenged by bodies such as the Ministry of Finance, the Reserve Bank of India, the Comptroller and Auditor General of India and the International Monetary Fund (IMF), as well as by Left political parties and popular movements. Their concern is that SEZs for all the scale of the tax exemptions they offer will not necessarily lead to FDI, export earnings, and general economic activity that would not otherwise have taken place anyway. It has been suggested that tax exemptions will simply encourage companies to shift production into the new, tax-exempt zones. As early as 2006, therefore, the Ministry of Finance provided an estimate that SEZs could eventually cost the state up to ₹ 700 billion in lost revenue.

Many wise men think that the SEZ scheme is badly designed, including many at the Ministry of Finance, which has said it will cost the state ₹ 1,750 billion in forgone tax revenues by 2011. Visionary industrial plans in democratic India are destined to turn messy and became bogged down in political compromises. Incentives and exemptions granted to units being set up in SEZs will result in huge revenue loss to the government. According to the Ministry of Finance estimate, the policy would cause a revenue loss of ₹ 9,89,000 million over 2007–2011. Companies will simply relocate to SEZs to take advantage of the tax concessions being offered and little net activity will be generated.
Labour Problem: A reading of both rhetoric and the formal statute law associated with the SEZ endeavour in India suggests little difference between the legal regime confronting labour within SEZs and outside. However, upon closer inspection, documents associated with the articulation of the ongoing SEZ policy show that the regime of labour governance in SEZs is oriented towards the non-implementation of the existing law. Workers in SEZs are subjected to gross violations of their labour rights. This includes job insecurity, prevention from unionisation, extensive casualisation and contractualisation of labour, lack of benefits, unjust wages and overtime without pay. Some of the most fundamental worker rights enshrined in India’s laws include the right to association, the right to fair and safe work and the right to collectively bargain for better employment conditions. All these rights are rampanty abused in SEZs nationwide. While it is widely accepted that labour laws are generally poorly implemented in contemporary India, the envisioned labour regime in SEZs has been consciously structured to promote the non-implementation of laws. One of the key devices to enable this regime is to place the implementation of labour laws in the office of the Development Commissioner rather than the Labour Commissioner. The other device is to mitigate the impact of labour laws in SEZs by exploiting certain provisions of the Industrial Disputes Act that enable Indian states to label all economic activity in a SEZ as a ‘public utility service’ which, in turn, acts to curtail the ability of workers to strike and therefore lower the bargaining strength of labour in an SEZ. This regime obviously generates a series of social costs.

Real Estate Speculation and Land loss due to SEZs: Large loopholes in the SEZ law leave the door wide open for land being acquired for real estate speculation. The possibility of speculation is much higher in multi-product zones where only half the land has been assigned for industrial purposes. The remainder would be used for real estate speculation. The RBI has classified all pending of Revenue for SEZs as real estate lending. The majority of SEZ investment is from the private sector, followed by IT companies forming nearly three-quarters of private sectors approvals. IT and multi-product SEZs form the bulk of applications by real estate companies.

Regional Disparities: SEZs have arisen overwhelmingly in industrially advanced states in India, including Maharashtra, Tamil Nadu, Karnataka, Andhra Pradesh, Gujarat and Haryana, which account for nearly 80% of all formal approvals. Even
within industrially advanced states, SEZs tends to be close to the urban epicenter, such as Mumbai, Chennai, Bangalore, Hyderabad, Delhi, etc., and not of much help, if any, in developing the more backward areas. SEZs are being set up in states where there is already a strong tradition of manufacturing and exports. This will aggravate regional disparities. Out of the total proposed investment, 83% has been concentrated in just five states. However, 62% of the SEZ is concentrated in IT/ITES alone. Manufacturing SEZs is, very few.

- **SEZs and Environment:** SEZs seriously impact the environment in and around the development area. The units in SEZs suck groundwater out of the soil and destroy the surrounding natural environment, in addition to destroying soil that was formerly alluvial and producing high-yield crops. The SEZ Act 2005 does not require an “Environmental Impact Assessment” as part of the application for new units, because SEZs are only permitted to contain “non-polluting” industries and facilities. The companies do not require any public hearing where affected communities can interact with the companies and share their concern. Enormous power has been given to Development Commissioners for granting SEZs environmental clearance.

- **The size of the SEZs:** One of the important factors of SEZs is their size. Normally, they are spread over an area of more than 1,000 hectares. Some Chinese SEZs, such as Shenzhen, are spread over 5,000 hectares. Even though a figure of 1,000 hectares was kept as a norm for development of SEZs in the initial EXIM policy, this was diluted when the existing EPZs were converted into SEZs. SEEPZ SEZ, for example, is spread over an area of 93 acres; likewise, several EPZs and several other SEZs promoted in the private sector are spread over less than 200 acres (or, 80 hectares). The disregard for the size might affect long-term performance and success of Indian SEZs, turning them into another cluster of industrial complexes. The smaller size will throw the SEZs into the same problems as some of the existing EPZs e.g., Santa Cruz Electronics Export Processing Zone (SEEPZ), Mumbai, faces now. The scope for expansion will be very less, and the functional obsolescence of space will render the existing space unsuitable for target industries. The smaller size of SEZs will also pose difficulties in providing internal connectivity and external connectivity, which might lead to congestion and

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inefficiency on those corridors. Moreover, smaller size means many of the states jumping on the bandwagon, which might affect the overall performance of the SEZs and their success.

- **Displacement, Compensation and Rehabilitation:** An in-depth look at the displacement impact of various development projects over the last few decades is beyond the scope of this paper. However, Sharma and Goswami\(^2\) have estimated that close to 1.14 lakh farming households (each household on an average comprising five members) and an additional 82,000 farm worker families who are dependent upon these farms for their livelihoods, will be displaced by notified SEZs in India. The total loss of income to the farming and the farm worker families, then, is an astounding ₹ 212 crore a year. These were the estimates in 2006 after approvals were granted to the initial SEZs.

- **SEZs and Agricultural Land:** One of the often cited drawbacks of the SEZs is that the development of these SEZs results in the reduction of rich cultivable land covering hundreds of hectares. This has an impact on the country’s food production capacity. However, for a large country like ours, this opportunity cost of forgone agricultural production could easily be compensated through enhanced industrial output, increased manpower employment in the industrial sector, contributing to growing export sector and raising the technological level of various sectors of the economy. Further, it can be argued that there will be increased demand for the processing units in the SEZs and elsewhere in the economy. Hence, the growth of SEZs will have some beneficial impact on the agricultural economy. While allotting land to SEZs, fertile and cultivable land should not be allotted; it should be remembered that China’s SEZs are located in coastal areas and use barren land.

Some of the important aspects covered in this context are sustainable and inclusive agricultural development in the country; strengthening of rural infrastructure to support faster agricultural development; establishing agro-economic zones on the lines of Special Economic Zones (SEZs) to boost agro-processing industry to reduce agrarian distress; innovations in policies to promote a judicious mix of yield-enhancing and input-responsive technologies; policies for easy credit availability, remunerative prices for agricultural products, supply of

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drought-resistant and short-duration high yielding varieties; emphasis on individual-farmer insurance policy; innovations in food storage; future policies to be directed to have a judicious mix of food crops and cash crops for ensuring food security in the country; minimum support prices for all crops to be fixed with a scientific basis; need for interventions in rainfed horticulture, disease diagnostics, seed and planting material, mechanisation, labour shortage, climate resilient technologies and strengthening of market linkages; new initiatives such as interaction with farmers through video conferencing involving subject matter specialists, community radio station, use of DVDs for disseminating of information on various technologies to be adopted throughout the country, so that it would help bring down the transaction costs of many government programmes.

Section II

Policy Implications
The recommendations and suggestions emerging out of the findings of the present study with their policy implications are detailed below.

- Regional disparities among states are widening, due to the heavy concentration of industries in already industrially advanced states like Maharashtra, Delhi, Gujrat, Karnataka, Tamil Nadu, etc. They enjoy more than their sister states like Bihar and other north-eastern states. This should be avoided through some other mechanism like additional concessions to these states.

- An analysis of the composition of SEZs by sector indicates a convergence of SEZs in the categories of IT/ITES in India as compared to other sectors. Therefore, the Ministry of Commerce and Industry should approve fewer SEZs in this sector, to give proper representation to other categories of SEZs in the Indian economy.

- Comparison of the conditions of NSEZ and non-SEZ workers mentioned above amply demonstrates the same. Therefore, the suggestions must begin with a focus on the general normative framework of labour rights. Employment of contract labour for work of perennial nature has to be curbed through stricter enforcement of law. The question of regularizing those working for years as contract labourers and performing work of perennial nature must be seriously reconsidered by the legislature, so that employers cannot wrongly recruit people, and innocent workers need not suffer the consequences. Thus, there is a need to establish a mechanism for
holding the appointing authority accountable while protecting the interest of an innocent worker.

- With respect to decent working conditions, NSEZ workers are at best marginally better off than non-SEZ workers. At worst, their conditions are comparable. To secure decent conditions at work, there is a desperate need to reduce the increasing chasm between fixed minimum wage and the real wage, especially keeping in view the substantial increase in real wages at the managerial level. Therefore, the norms regarding fixation of the minimum wage need to be revisited, to ensure that all, thus securing inclusive growth, reap the benefits of growth equally. Promotion of decent conditions at work also requires broader initiatives in the form of investment in human resource development, to create a skilled population to address the vulnerability of the workforce, as there is an army of the unemployed ready to substitute the existing workforce. Further, to secure decent work, attention must be paid to the strict enforcement of labour laws.

- The location of SEZs must be such as to promote manufacturing exports. Linkage to ports and airports should be taken into consideration while setting up SEZs. Even if SEZs is far from ports and airports, well-developed transport infrastructure may improve SEZ performance.

- The natural fallout of the successful operation of SEZs is the creation of effective forward and backward linkages. It should be noted that, as experienced in African countries, the mere establishment of SEZs does not guarantee investment interest, higher industrial activities, or exports.

- The present study highlighted conflicts between people and government for land. So, it is suggested that land being used for the purpose of livelihoods should not be acquired for the purpose of establishing SEZs. State governments should not acquire land for establishing SEZs or use the Land Acquisition Act for this purpose. Normally, waste and barren land should be used.

- The price may be fixed through negotiation rather than depending on earlier registered sales, deeds (declared prices are often undervalued). The problem regarding land acquisition may be solved permanently for the nexus between government and public. For that purpose, both the Central and state governments must adopt a transparent land acquisition policy.

- The government should revise the SEZ policy as it goes against the interests of farmers and the agricultural sector. When the government revises the SEZ policy, it should seriously consider the recommendations of the Swaminathan Commission.
not to acquire land suitable for non-agricultural purposes, to give adequate compensation for the acquired land and to distribute surplus land to landless farmers.

- There has to be a thorough review of the existing tax and other incentives being offered to SEZ units and promoters.
- There should be a re-thinking on the location of SEZs in the context of prevailing regional imbalance. The government can learn from China.
- Frequent changes to the SEZ policy have reduced investor confidence in Indian SEZs and, especially, in the NSEZ. That is why many units have been closed recently. Therefore, to build confidence among existing investors, it is imperative to frame a long-term, stable, favourable and transparent SEZ policy.
- SEZs lack infrastructure facilities and face too many restrictions. In the NSEZ, infrastructure (electricity and road connectivity) is very poor. For deriving the expected rate of employment, investment and export from SEZs, it is suggested that a conducive business environment should be created by simplifying environment procedures, creating world-class infrastructure and stabilising the fiscal regime.

From the above recommendations for SEZs in India, we can conclude that a conducive policy environment, along with infrastructure, low labour cost, flexible labour laws and capital availability, can make generally Indian SEZs and particularly for NSEZ a viable proposition for foreign investors.

On the basis of summary table of Chi square test hypothesis for 22 Null hypothesis were concluded that 10 null hypothesis were accepted for one degree of freedom at 5 percent level of significance while 11 null hypothesis were rejected at 5 percent level of significance for one degree of freedom. It is pointed out that one Null hypothesis is also rejected at 5 percent level of significance. Acceptance of Null hypothesis may be interpreted as no relation among the attributes while rejection of Null hypothesis can be interpreted as statistically significance relation among the attributes.

Majority of accepted hypothesis belongs to the category of age distribution, migration and educational level of workers with respect to identified regions while rejected null hypothesis belongs to the category of working conditions and satisfaction level of workers for the facilities provided by the employers to the employees. Therefore, it is suggested that more intensive and in depth study might be proposed and done based on factor analysis.